



18 May 2016

Mr. Christopher J. Kirkpatrick  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Center  
1155 21<sup>st</sup> St., N.W.  
Washington, DC 20581  
United States of America

Dear Mr. Kirkpatrick

### **Self-certification of amendments to SGX-DC Clearing Rules**

#### **1 Introduction**

1.1 Singapore Exchange Derivatives Clearing Limited ("**SGX-DC**"), a derivatives clearing organisation ("**DCO**") registered with the Commodity Futures Trading Commission ("**Commission**"), hereby submits a self-certification for amendments ("**Amendments**") to its Clearing Rules ("**SGX-DC Clearing Rules**") pursuant to Commission regulation 40.6(a).

#### **2 Intended Implementation Date**

2.1 The Amendments are proposed to be implemented in or after August 2016, but will not be implemented prior to the Commission's 10 business day review period.

#### **3 Explanation and Analysis**

3.1 The Amendments are made in respect of the introduction of SGX-DC's new trade registration system, Titan-OTC. Titan-OTC will be used for the registration of all off-market trades (excluding over-the-counter financial derivatives ("**OTCF**") trades) with SGX-DC for clearing.

3.2 With the introduction of Titan-OTC, there will be just one system, and a uniform process, for the registration of all off-market (excluding OTCF) trades with SGX-DC. The new system will allow new functionalities and improvements to be introduced to the trade registration process.

#### **4 Description of Amendments**

4.1 Chapters 2, 7 and 9 and Schedule A to the SGX-DC Clearing Rules will be changed as a result of the Amendments.

4.2 The text of the Amendments with the changes indicated is attached as Appendix 1.

#### **Singapore Exchange Derivatives Clearing Limited**

Company Reg No. 200005878M  
(A wholly-owned subsidiary of Singapore Exchange Limited)

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## **5 Certification of Compliance with Core Principles**

- 5.1 The Amendments have been promulgated in respect of SGX-DC's compliance with Core Principles C, D, E and I on Participant and Product Eligibility, Risk Management, Settlement Procedures and System Safeguards respectively.
- 5.2 SGX-DC hereby certifies to the Commission that the Amendments comply with the Commodity Exchange Act, as amended, and the regulations promulgated thereunder.

## **6 Public Notice of Pending Certification**

- 6.1 SGX-DC has made publicly available a notice of the Amendments' pending certification with the Commission, together with a copy of this submission on its website at the following address:  
[http://www.sgx.com/wps/portal/sgxweb/home/regulation/consult\\_pub/dco\\_submissions](http://www.sgx.com/wps/portal/sgxweb/home/regulation/consult_pub/dco_submissions).

## **7 Opposing Views**

- 7.1 There were no opposing views expressed to SGX-DC by its board or committee members, SGX-DC Clearing Members or market participants that were not incorporated into the Amendments. If any opposing views are received by SGX-DC during the Commission's review period, such views will be communicated to the Commission accordingly.

## **8 Contact Details**

- 8.1 Please do not hesitate to contact the undersigned at [siulin.tan@sgx.com](mailto:siulin.tan@sgx.com) or +65 6236 8276 should you require any clarification.

Yours sincerely



Tan Siu-Lin  
Vice President  
Regulatory Development and Policy  
Regulation

## Appendix 1

### AMENDMENTS TO SGX-DC CLEARING RULES

Amendments are marked in *red*

#### Rule Amendments

#### Chapter 2 Clearing Membership

#### 2.11 Other Financial Requirements

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#### 2.11.5 ~~[This rule has been deleted.]~~ **Capital to Meet Loss Exposure**

~~2.11.5.1 — Before a Clearing Member can clear an Eligible Non Relevant Market Transaction which trade price falls outside the price band prescribed by the Clearing House (referred to at Rule 7.02A.1.1), it shall maintain at least the minimum capital required by the Clearing House, to meet the loss exposure in excess of the prescribed price band. The Clearing Member shall notify the Clearing House prior to the close of business of the next Business Day that it has fulfilled such capital requirements.~~

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#### **2.28B Fictitious Transactions Without Change in Ownership**

2.28B.1 A Clearing Member shall ensure that it does not clear any trade where the beneficial interest in both sides of the trade belongs to the same person. The Clearing Member's record keeping and audit trails must show that it has taken reasonable measures to establish that both sides of the trade belong to different beneficial owners.

This Rule does not apply in the following circumstances:

- a. the trade originates from a fund manager whose instructions are to switch the contract from one sub-account to another for legitimate commercial reasons;
- b. each side of the trade will be booked out finally to different beneficial owners;
- c. if the Clearing member establishes to the Clearing House that the creation of a false market was not a purpose of the trade.

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#### Chapter 7 Clearing and Margins

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## Rule Amendments

### 7.02A Registration of ~~Eligible~~ Non-Relevant Market Transactions, NLT transactions, EFP transactions and EFS transactions

#### 7.02A.1 ~~Eligible~~ Non-Relevant Market Transactions, NLT transactions, EFP transactions and EFS transactions

7.02A.1.1 Only Non-Relevant Market Transactions, NLT transactions, EFP transactions and EFS transactions which meet the following criteria will be eligible for registration with the Clearing House ("~~Eligible Non-Relevant Market Transactions~~"):

- a. a transaction: ~~which falls under~~
  - i. which falls under one of the classes of Eligible Non-Relevant Market Contracts; or
  - ii. in respect of a Contract listed on the Exchange which has been designated by the Exchange for NLT transactions and which meets the minimum volume thresholds and other procedures prescribed by the Exchange from time to time; or
  - iii. in respect of a Contract listed on the Exchange for EFP transactions and EFS transactions which meets the procedures prescribed by the Exchange from time to time.
- b. a transaction where:
  - i. the Seller and the Buyer have satisfied the credit and position thresholds risk limits prescribed by their respective Clearing Members; ~~and or~~
  - ii. notwithstanding that either the Seller or the Buyer has not, its Clearing Member has signified its agreement to clear the transaction; and
- c. a transaction where:
  - i. the trade price falls within the price band prescribed by the Clearing House; or
  - ii. notwithstanding that the trade price does not fall within the price band prescribed by the Clearing House, the Clearing Member acting for the Seller and the Clearing Member acting for the Buyer have both signified their respective agreement to clear the transaction ~~and have both met the capital and notification requirements prescribed by Rule 2.11.5.~~

Once the criteria in Rule 7.02A.1.1 are satisfied, the Clearing Members acting for the Seller and the Buyer respectively shall be responsible for the ~~Eligible Non-Relevant Market~~ relevant ~~Transaction~~ as principals to the Clearing House.

7.02A.1.2 If a ~~an~~ Non-Relevant Market Transaction, a NLT transaction, a EFP transaction or a EFS transaction does not fulfill the criteria in Rule 7.02A.1.1, and is rejected by the Clearing House for

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~~clearing, the Non-Relevant Market Transaction shall be deemed not to have been submitted to the Clearing House and~~ the transaction shall be deemed not to have been submitted to the Clearing House and will be dealt with ~~remain in effect or be terminated, as the case may be,~~ in accordance with any terms agreed between the Seller and the Buyer.

7.02A.1.3 The specifications of Eligible Non-Relevant Market Contracts including Contract size, Contract Month, trading hours, underlying asset, exercise price, minimum price fluctuation, last trading day, settlement basis and method of exercise shall be set out in Circulars issued by the Clearing House from time to time.

### **7.02A.2 Registration of Non-Relevant Market Transactions, NLT transactions, EFP transactions and EFS transactions**

7.02A.2.1 Non-Relevant Market Transactions, NLT transactions, EFP transactions and EFS transactions will be registered with the Clearing House for clearing through the Trade Registration System or other facility as prescribed by the Clearing House. A complete submission for registration will be accepted or rejected by the Clearing House as quickly after submission as would be technologically practicable if fully automated systems were used.

7.02A.2.2 ~~An Eligible~~ Non-Relevant Market Transaction, a NLT transaction, a EFP transaction and a EFS transaction may only be registered by any of the following parties:

- a. ~~[this rule has been deleted] an Inter-Dealer Broker;~~
- b. a Clearing Member acting for a Seller and a Clearing Member acting for a Buyer; or
- c. such other party authorized by either the Clearing Member ~~acting for a Seller~~ and approved by the Clearing House.

7.02A.2.3 ~~[This rule has been deleted] Where registration of an Eligible Non-Relevant Market Transaction is submitted by a Clearing Member acting for a Seller or a party authorised by such Clearing Member and approved by the Clearing House, confirmation of the Eligible Non-Relevant Market Transaction may only be submitted by:~~

- a. ~~a Clearing Member acting for a Buyer; or~~
- b. ~~such other party authorized by the Clearing Member acting for a Buyer and approved by the Clearing House.~~

7.02A.2.4 Any ~~party using of the parties submitting registration or confirmation of an Eligible Non-Relevant Market Transaction through~~ the Trade Registration System, or other facility prescribed by the Clearing House, shall comply with the terms and conditions governing the access to and operation of that system, as varied, amended, or supplemented from time to time.

7.02A.2.5 A Clearing Member acting for a Seller or Buyer, as the case may be, must submit to the

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Clearing House the name of each ~~Inter-Dealer Broker or such other~~ party referred to ~~at~~ in Rule 7.02A.2.2 who is authorized to register Non-Relevant Market Transactions, NLT transactions, EFP transactions or EFS transactions on the behalf of such Clearing Member.

7.02A.2.6 A Clearing Member acting for a Seller or Buyer, as the case may be, shall obtain the consent of such Seller or Buyer, before allowing any ~~Inter-Dealer Broker or such other~~ party referred to ~~in~~ at Rule 7.02A.2.2 to register Non-Relevant Market Transactions, NLT transactions, EFP transactions or EFS transactions on the behalf of such Clearing Member.

7.02A.2.7 Each registration of a ~~an Eligible~~ Non-Relevant Market Transaction, a NLT transaction, a EFP transaction or a EFS transaction, in order to be complete, must specify:

- a. the type(s) of Eligible Non-Relevant Market Contract(s) which the Non-Relevant Market Transaction falls under, or the Contract listed on the Exchange to which the NLT transaction, EFP transaction or EFS transaction relates;
- b. the expiry month;
- c. the quantity;
- d. the price;
- e. the ~~name of the~~ Clearing Member(s) acting for the Buyer and Seller;
- f. the Seller's account number (which may only be specified by a Clearing Member acting for a Seller or such party that the Clearing Member authorises) and the Buyer's account number (which may only be specified by a Clearing Member acting for a Buyer or such party that the Clearing Member authorises); and
- g. such other particulars as may be prescribed by the Clearing House from time to time.

All particulars required by this rule must be specified correctly and accurately.

7.02A.2.8 ~~[This rule has been deleted] Each confirmation of an Eligible Non-Relevant Market Transaction shall include:—~~

- ~~a. — the details of the trade set out in Rules 7.02A.2.7.a to 7.02A.2.7.e;~~
- ~~b. — the Buyer's account number; and~~
- ~~c. — such other particulars as may be prescribed by the Clearing House from time to time.~~

7.02A.2.9 ~~Unless:~~

- ~~a. — the registration of an Eligible Non-Relevant Market Transaction or the complete specification of~~

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~~trade details pursuant to Rule 7.02A.2.7; and~~

~~b. — the confirmation of the details set out in Rule 7.02A.2.8; and~~

~~c. — the signifying of agreement to the clearing of a trade, if the trade price does not fall within the prescribed price band as set out in Rules 7.02A.1.1.b.ii and 7.02A.1.1.c.ii,~~

~~are submitted to the Clearing House on the same day, prior to the trade submission deadline(s) prescribed by the Clearing House, such Eligible Non- Relevant Market Transaction will not be registered.~~

For each Non-Relevant Market Transaction, NLT transaction, EFP transaction or EFS transaction, (a) complete registration as set out in Rule 7.02A.2.7 and (b) where applicable, the signifying of a Clearing Member's agreement to the clearing of a trade as set out in Rules 7.02A.1.1.b.ii and 7.02A.1.1.c.ii, must be carried out by the timelines set out below:

i. For a transaction concluded in a "T" trading session on a Trading Day: No later than thirty (30) minutes after the "T" session closes.

ii. For a transaction concluded in a "T+1" trading session on a Trading Day: No later than thirty (30) minutes after the "T session" on the next Trading Day closes.

7.02A.2.9A Clearing Members are required to ensure that all trades are submitted for registration in a timely manner.

7.02A.2.10 A Clearing Member acting for a Seller shall assume the duties and obligations of the Seller, as principal to the Clearing House, for any ~~Eligible~~ Non-Relevant Market Transaction, NLT transaction, EFP transaction or EFS transaction that is eligible for registration pursuant to Rule 7.02A.1.1 and that has been registered ~~and confirmed~~ by any of the parties in Rules ~~7.02A.2.2 and 7.02A.2.3~~ respectively.

7.02A.2.11 A Clearing Member acting for a Buyer shall assume the duties and obligations of the Buyer, as principal to the Clearing House, for any ~~Eligible~~ Non-Relevant Market Transaction, NLT transaction, EFP transaction or EFS transaction that is eligible for registration pursuant to Rule 7.02A.1.1 and that has been registered ~~and confirmed~~ by any of the parties in Rules ~~7.02A.2.2 and 7.02A.2.3~~ respectively.

7.02A.2.12 In allowing the submission of an ~~Eligible~~ Non-Relevant Market Transaction for registration through the Trade Registration System or other facility as prescribed by the Clearing House, the Seller and Buyer of such ~~Eligible~~ Non-Relevant Market Transaction shall be deemed to have mutually agreed (i) to substitute their contract for a contract based on the specifications referred to in Rule 7.02A.1.3, and (ii) for the Clearing House to become the central counterparty to the Clearing Members in whose names such ~~Eligible~~ Non-Relevant Market Transaction has been registered pursuant to Rule 7.04.

In allowing the submission of a NLT transaction, a EFP transaction or a EFS transaction for registration

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through the Trade Registration System or other facility as prescribed by the Clearing House, the Seller and Buyer of such transaction shall be deemed to have mutually agreed for the Clearing House to become the central counterparty to the Clearing Members in whose names the transaction has been registered, pursuant to Rule 7.04.

7.02A.2.13 Once a ~~an Eligible~~ Non-Relevant Market Transaction that is eligible for registration pursuant to Rule 7.02A.1.1 has been submitted for registration, the terms of the ~~Eligible~~ Non-Relevant Market Transaction shall be final and a Clearing Member shall be bound by the terms of the ~~Eligible~~ Non-Relevant Market Transaction registered in its name.

The Clearing House shall not be responsible for confirming the terms of such ~~Eligible~~ Non-Relevant Market Transactions.

7.02A.2.14 In the event of any technical fault that prevents or inhibits access and/or use of the Trade Registration System for registration of Non-Relevant Market Transactions, NLT transaction, EFP transaction or EFS transaction by any Clearing Member(s), the Clearing House may, in its absolute discretion, and in circumstances which it deems appropriate, allow for registration by such other means as it may prescribe.

7.02A.2.15 If the Clearing House exercises its discretion pursuant to Rule 7.02A.2.14:

a. The Clearing House will inform all Clearing Members of this decision by issuance of a circular or by such other means as the Clearing House deems appropriate; and

b. The Clearing House may vary or waive the timelines for registration as set out in Rule 7.02A.2.9.

7.02A.2.16 Any loss or inhibition of access and/or use of the Trade Registration System which is due to any technical faults arising from or caused by a Clearing Member's own equipment, system, device or market facility will not be considered sufficient ground for the Clearing House to exercise its discretion under Rule 7.02A.2.14.

7.02A.2.17 Factors which the Clearing House may consider in the exercise of its discretion include:

a. the number of Clearing Members which are affected by the technical fault;

b. the estimated length of time required to resolve the technical fault;

c. the impact of the technical fault on the ability of the Clearing House to operate a safe and efficient clearing facility; and/or

d. any other factor which the Clearing House deems relevant.

7.02A.2.18 Clearing Members shall produce to the Clearing House, if requested, evidence of compliance with this Rule 7.02A.2.



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### **7.02B Withdrawal of Classes of Non-Relevant Market Contracts and OTCF Contracts for Clearing by the Clearing House**

7.02B.1 The Clearing House shall be entitled to withdraw any class of Eligible Non-Relevant Market Contracts or Eligible OTCF Contracts.

7.02B.2 The Clearing House shall have the sole discretion to disallow the registration or substitution, as the case may be, of:

- a. ~~an Eligible~~ Non-Relevant Market Transaction, other than a closing-out contract after it has given notice to withdraw the clearing of any class of Eligible Non-Relevant Market Contract which the ~~OTC~~ ~~T~~ransaction falls under; or
- b. an Eligible OTCF Transaction, other than a closing-out contract after it has given notice to withdraw the clearing of any class of Eligible OTCF Contract which the OTCF Transaction falls under.

7.02B.3 If a Clearing Member has not closed out all open Eligible Non-Relevant Market Contracts, or Eligible OTCF Contracts, as the case may be, novated with the Clearing House in its name pursuant to Rule 7.04 after the Clearing House has given such notice, the Clearing House shall, at its sole discretion, be entitled to:

7.02B.3.1 liquidate any or all of such Eligible Non-Relevant Market Contracts, or Eligible OTCF Contracts, as the case may be, and require such contracts to be cash settled at a price determined by the Clearing House; or

7.02B.3.2 postpone the withdrawal date until such time as the Clearing House determines.

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### **7.04 Substitution**

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#### **7.04.2 Off Market Trades (Excluding OTCF)**

##### **7.04.2.1 ~~Eligible~~ Non-Relevant Market Transactions, EFP transactions, EFS transactions and NLT transactions cleared by two Clearing Members**

When a ~~contract registered and confirmed as an Eligible~~ Non-Relevant Market Transaction, EFP transaction, EFS transaction or NLT transaction that is eligible for registration pursuant to Rule 7.02A.1.1 and that is registered pursuant to Rule 7.02A.2 between two Clearing Members is cleared through the Clearing House, upon the Clearing House issuing to the Clearing Members a Notice of Novation that the

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~~transaction has been accepted for clearing confirmation of the contract~~, the original contract between the Clearing Members shall be discharged and replaced with two separate and distinct Contracts as described below, both of which are on the same terms as the original contract:

- a. the Clearing Member who assumes the position of the buyer shall enter into a Contract with the Clearing House, which assumes the position of the seller, and
- b. the Clearing Member who assumes the position of the seller shall enter into a Contract with the Clearing House, which assumes the position of the buyer.

~~A “Notice of Novation” for the purpose of Rule 7.04.2 means a “BD4” message or such other message that the Clearing House may inform Clearing Members will be used in place of a “BD4” message.~~

### 7.04.2.2 ~~[This rule has been deleted.] EFP, EFS, NLT cleared by two Clearing Members~~

~~Subject to Rule 7.04.2.3, when a contract registered as an EFP, EFS or NLT between two Clearing Members is cleared through the Clearing House, the original contract between the Clearing Members shall be discharged and replaced with two separate and distinct Contracts as described below, both of which are on the same terms as the original contract:~~

- ~~a. the Clearing Member who assumes the position of the buyer shall enter into a Contract with the Clearing House, which assumes the position of the seller, and~~
- ~~b. the Clearing Member who assumes the position of the seller shall enter into a Contract with the Clearing House, which assumes the position of the buyer.~~

### 7.04.2.3 ~~[This rule has been deleted.] The events described under Rule 7.04.2.2 shall take place only upon:~~

- ~~a. where both Clearing Members receive margin call pursuant to the first margin cycle run following the registration of the trade: the later in time Confirmation by the Clearing Members' Settlement Bank(s) of the Payment Instructions in respect of the margin calls; or~~
- ~~b. where only one Clearing Member receives margin call pursuant to the first margin cycle run following the registration of the trade: Confirmation by that Clearing Member's Settlement Bank of the Payment Instruction in respect of that margin call; or~~
- ~~c. where neither Clearing Member receives margin call pursuant to the first margin cycle run for the trade: the end of that margin cycle.~~

### 7.04.2.4 ~~EFP transactions, EFS transactions, and NLT transactions cleared by a Clearing Member and a clearing member of another Relevant Market (or its clearing house)~~

~~Subject to Rule 7.04.2.5, when a contract registered as an EFP transaction, EFS transaction or NLT transaction that is eligible for registration pursuant to Rule 7.02A.1.1 and that is registered pursuant to~~

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Rule 7.02A.2 between a Clearing Member and a clearing member of a Relevant Market or its clearing house (other than the Clearing House) is cleared through the Clearing House, upon the Clearing House issuing to the Clearing Member and clearing member a Notice of Novation that the transaction has been accepted for clearing, the original contract shall be discharged and replaced with two separate and distinct Contracts as described below, both of which are on the same terms as the original contract:

- a. a Contract between the Clearing Member and Clearing House, wherein:
  - i. the Clearing House assumes the position of the buyer if the Clearing Member assumes the position of the seller, and conversely,
  - ii. the Clearing House assumes the position of the seller if the Clearing Member assumes the position of the buyer; and
- b. a Contract between the Relevant Market (or its clearing house) and the Clearing House, wherein:
  - i. the Relevant Market (or its clearing house) assumes the position of the buyer if the Clearing House assumes the position of the seller, and conversely,
  - ii. the Relevant Market (or its clearing house) assumes the position of the seller if the Clearing House assumes the position of the buyer.

7.04.2.5 ~~[This rule has been deleted.] The events described under Rule 7.04.2.4 shall take place only upon the occurrence of the following:~~

~~a.— Confirmation by the Clearing Member's Settlement Bank of the Payment Instruction in respect of the margin call received by the Clearing Member pursuant to the first margin cycle run following the registration of the trade, or, if no such margin call is received, the end of that margin cycle; and~~

~~b.— confirmation by the Relevant Market (or its clearing house) that it will enter into the Contract described in Rule 7.04.2.4.b.~~

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### **7A.02 Open Positions of Defaulted /Suspended Clearing Members**

7A.02.1 When a Clearing Member having open positions has defaulted upon its obligation to the Clearing House, or has been suspended, the Clearing House may:—

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7A.02.1.4 where the open positions relate to an ~~n-Eligible~~ Non-Relevant Market Transaction or a Contract subject to physical delivery prior to re-novation in Rule 6.02A.7, and it is in the Clearing House's good faith opinion impossible or impracticable for the open positions to be transferred or closed out pursuant to Rules 7A.02.1.1 and 7A.02.1.3 respectively, the Clearing House may, in addition to any other power

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or right it may have, invoice back such positions to the defaulting or suspended Clearing Member. The Clearing House shall then simultaneously invoice back the equivalent number of positions or as nearly equivalent number of such positions as the Clearing House may deem practical to the following:—

- a. in the case of a ~~an Eligible~~ Non-Relevant Market Transaction or a Contract subject to physical delivery prior to the matching process in Rule 6.02A.7, to other non-defaulting and non-suspended Clearing Members, and/or any other non-defaulting Relevant Market (or its clearing house) holding appropriate opposite positions (whether reported to the Clearing House as being House or Customer positions) as at the date of such invoicing back, on a pro-rata basis, calculated as the proportion of such gross opposite positions of each non-defaulting and non-suspended Clearing Member and/or Relevant Market (or its clearing house) at the date of such transfer relative to the aggregate value of such open positions held by all non-defaulting and non-suspended Clearing Members (to be rounded down or up if the number of lots is not a whole number at the Clearing House's absolute discretion); or
- b. in the case of a Contract subject to physical delivery after the matching process in Rule 6.02A.7 and before re-novation in Rule 6.02A.7, to the non-defaulting and non-suspended Clearing Members and/or clearing member of another Relevant Market (or its clearing house), with which the defaulting or suspended Clearing Member has been matched in accordance with Rule 6.02A.7 (whether reported to the Clearing House as being House or Customer positions).

The invoicing back shall be carried out by the Clearing House effecting and registering opposite positions between itself and each of the relevant affected persons. The Clearing House shall then settle the open positions against such opposite positions, at a price determined by it. The Clearing House's actions, including the timing of the transfer and the price determined by the Clearing House shall be binding on all affected Clearing Members;

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## Chapter 9 Definitions and Interpretation

### 9.01 Definitions

<b><u>Term</u></b>	<b><u>Meaning</u></b>
<del>"Eligible Non-Relevant Market Transaction"</del>	<del>[This definition has been deleted] shall have the meaning ascribed to it in Rule 7.02A.1.1</del>
<u>"Exchange of Futures for Physical" / "EFP"</u>	<u>means a contract for the simultaneous exchange of a Futures Contract (as defined in the Trading Rules) for the corresponding physical underlying.</u>
<u>"Exchange of Futures for Swap" / "EFS"</u>	<u>means a contract for the simultaneous exchange of a Futures Contract (as defined in the Trading Rules) for a corresponding Non-Relevant Market Contract or OTCF Contract.</u>
"Inter Dealer Broker"	means a party who:

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- a. has signed an agreement with the Clearing House for the access to and use of the Trade Registration System; and
- b. is designated by the Clearing House as eligible to submit Non-Relevant Market Transactions, NLT transactions, EFP transactions or EFS transactions to the Clearing House on behalf of a Clearing Member pursuant to this Rules.

“Negotiated Large Trade” / “NLT”

means large trades executed outside any electronic trading platform operated by the Exchange and pursuant to minimum thresholds and other procedures prescribed by the Exchange.

“Trade Registration System”

means the software and systems provided by the Clearing House or any third party systems provider approved by the Clearing House to Clearing Members, Inter Dealer Brokers or such other parties authorised by the Clearing Members and, where required under this Rules, approved by the Clearing House, for the purpose of registering ~~and confirming Eligible~~ Non-Relevant Market Transactions, NLT transactions, EFP transactions, EFS transactions and/or Eligible OTCF Transactions with the Clearing House.

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## Schedule A

### Rule Amendment

Rule Violation		Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposed by the DC
Rule Chapter/ Number	Brief Description of Rule		1 <sup>st</sup> Violation	2 <sup>nd</sup> Violation	3 <sup>rd</sup> Violation	
<b>Chapter 2 – Clearing Membership</b>						
2.11.5.1	<del>Clearing Member to maintain minimum capital to meet loss exposure in excess of prescribed price band and to notify the Clearing House that it has fulfilled the requirement</del>	Compoundable	<del>\$2,000–\$4,000</del>	<del>\$4,000–\$7,000</del>	<del>\$7,000–\$10,000</del>	N.A.
<u>2.28B</u>	<u>Clearing Member not to</u>	<u>Not</u>	<u>Not Compoundable</u>			<u>\$10,000</u>

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Rule Violation		Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposed by the DC
Rule Chapter/ Number	Brief Description of Rule		1 <sup>st</sup> Violation	2 <sup>nd</sup> Violation	3 <sup>rd</sup> Violation	
	<u>clear any transactions where both sides of the trade belong to the same person.</u>	<u>Compoundable</u>				
<b>Chapter 7 — Clearing and Margins</b>						
<u>7.02A.2</u>	<u>Clearing Member to comply and ensure compliance with the requirements and procedures in relation to the registration of Non-Relevant Market Transactions, NLT transactions, EFP transactions and EFS transactions.</u>	<u>Compoundable</u>	<u>\$2,000 – \$4,000</u>	<u>\$4,000 – \$7,000</u>	<u>\$7,000 – \$10,000</u>	<u>N.A.</u>
7.02A.2.2	<del>Eligible Non-Relevant Market transaction to be registered by certain parties</del>	<del>Compoundable</del>	<del>\$2,000 – \$4,000</del>	<del>\$4,000 – \$7,000</del>	<del>\$7,000 – \$10,000</del>	<del>N.A.</del>
7.02A.2.3	<del>Confirmation of Eligible Non-Relevant Market transaction may only be submitted by certain parties</del>	<del>Compoundable</del>	<del>\$2,000 – \$4,000</del>	<del>\$4,000 – \$7,000</del>	<del>\$7,000 – \$10,000</del>	<del>N.A.</del>
7.02A.2.4	<del>Parties submitting registration or confirmation of an Eligible Non-Relevant Market transaction to comply with the terms and conditions governing access to and operation of the Trade Registration System.</del>	<del>Compoundable</del>	<del>\$2,000 – \$4,000</del>	<del>\$4,000 – \$7,000</del>	<del>\$7,000 – \$10,000</del>	<del>N.A.</del>
7.02A.2.5	<del>Clearing</del>	<del>Compoundable</del>	<del>\$500</del>	<del>\$1,000</del>	<del>\$2,000</del>	<del>N.A.</del>

**Rule Amendment**

Rule Violation		Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposed by the DC
Rule Chapter/ Number	Brief Description of Rule		1 <sup>st</sup> Violation	2 <sup>nd</sup> Violation	3 <sup>rd</sup> Violation	
	<del>Member to submit name each of Inter-Dealer Broker authorised to register Non-Relevant Market transactions</del>					
7.02A.2.6	<del>[deleted] Clearing Member to obtain consent of Seller/Buyer before allowing Inter-Dealer Broker to register Non-Relevant Market transactions</del>	Compoundable	\$500	\$1,000	\$2,000	N.A.
7.02A.2.7	<del>[deleted] Registration of Eligible Non-Relevant Market transactions, NLT transactions, EFP transactions and EFS transactions to specify the stipulated details.</del>	Compoundable	\$500	\$1,000	\$2,000	N.A.
7.02A.2.8	<del>[deleted] Confirmation of Eligible Non-Relevant Market transactions to specify the stipulated details</del>	Compoundable	\$500	\$1,000	\$2,000	N.A.